

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36254; International Series Release No. 857; File No. SR-OCC-95-05]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving a Proposed Rule Change to Issue, Clear, and Settle Customized Foreign Currency Options on the Italian Lira and the Spanish Peseta

September 19, 1995.

On May 4, 1995, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-95-05) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the Federal Register on July 14, 1995.² No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description of the Proposal

Under the rule change, OCC will issue, clear, and settle option transactions where the Italian lira or the Spanish peseta is either the trading currency or the underlying currency.³ The Commission is approving a proposal by The Philadelphia Stock Exchange ("PHLX") to list and trade such foreign currency options through the PHLX customized options facility concurrently with the approval of this proposed rule change.⁴

The PHLX rule filings enable its members to trade customized contracts between the lira or the peseta and any other approved currency. Currently, OCC has approval to list and clear flexibly structured option contracts⁵ on

any combination of the following currencies: (1) Australian dollar, (2) British pound, (3) Canadian dollar, (4) German mark, (5) European Economic Community currency unit, (6) French franc, (7) Japanese yen, (8) Swiss franc, and (9) United States dollar. The Italian lira and the Spanish peseta now will be included in OCC's list of approved currencies.

Options on the lira or the peseta will be cleared and settled in accordance with the clearance and settlement mechanisms already in place for flexibly structured foreign currency options and for cross-rate foreign currency options. In addition, options on the lira or the peseta will be margined like OCC's existing foreign currency and cross-rate foreign currency option contracts. Accordingly, OCC has determined that no changes to its By-Laws or rules are necessary to accommodate these new contracts.

II. Discussion

Section 17A(b)(3)(F)⁶ of the Act requires that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The Commission believes that OCC's proposed rule change is consistent with OCC's obligations under the Act because OCC's proposal will allow the clearance and settlement of option contracts where the peseta or the lira is either the trading currency or the underlying currency by using existing OCC systems, rules, and procedures already in place for flexibly structured foreign currency options and for cross-rate foreign currency options. Thus, OCC should be able to implement the clearance and settlement of such options with little difficulty due to the similarity of these option contracts to the option contracts currently cleared and settled in OCC's existing system.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

foreign currency as an index option having an expiration date, an exercise price, an exercise style, an index value determinant, and in the case of a capped option, a cap interval, that are reported to OCC by a national securities exchange or association registered with OCC pursuant to OCC's matched trade reporting requirements set forth in Article VI, Section 6 of the OCC By-Laws and Rule 401 of the OCC's Rules.

⁶ 15 U.S.C. 78q-1(b)(3)(F) (1988).

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-OCC-95-05) be, and hereby is, approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 95-23934 Filed 9-26-95; 8:45 am]

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SMALL BUSINESS ADMINISTRATION

Buffalo District Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration Buffalo District Advisory Council will hold a public meeting on Thursday, October 5, 1995 at 10:00 a.m. at the M & T Bank, M & T Center, One Fountain Plaza, 2nd floor board room, Buffalo, New York to discuss matters as may be presented by members, staff of the U.S. Small Business Administration, or others present.

For further information, write or call Mr. Franklin J. Sciortino, District Director, U.S. Small Business Administration, 111 West Huron Street, Buffalo, New York 14202, (716) 551-4301.

Dated: September 20, 1995.

Art DeCoursey,

Acting Director, Office of Advisory Council.

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DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

Petition for Exemption From the Federal Motor Vehicle Theft Prevention Standard; Honda

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Grant of petition for exemption.

SUMMARY: This notice grants in full the petition of American Honda Motor Co., Inc., on behalf of Honda Motor Company, Ltd., (Honda) for an exemption of a high-theft line (whose nameplate is confidential) from the parts-marking requirements of the Federal motor vehicle theft prevention standard. This petition is granted because the agency has determined that the antitheft device to be placed on the

¹ 15 U.S.C. 78s(b)(1) (1988).

² Securities Exchange Act Release No. 35937 (July 5, 1995), 60 FR 36320.

³ The term "trading currency" is defined in Article I, Section 1 of the OCC By-Laws as the currency in which premium and/or exercise prices are denominated for a class of foreign currency options or cross-rate foreign currency options. The term "underlying currency" is defined in Article I Section 1 of the OCC By-Laws as the currency which is required to be delivered upon the exercise of a class of foreign currency or cross-rate foreign currency options.

⁴ For a discussion of the addition of the lira and the peseta to the list of approved currencies on which customized foreign currency options may be listed and traded through the PHLX customized options facility, refer to Securities Exchange Act Release No. 36255 (September 20, 1995) [File Nos. SR-PHLX-20 and SR-PHLX-21] (order approving the proposed rule change to list and trade options on the Italian lira and Spanish peseta).

⁵ The term "flexibly structured option" is defined in Article XXIII, Section 1(F)(1) in respect of flexibly structured index options where the premium and exercise price are denominated in a